

Talking points
Re: Completion of Denbury pipeline
May 30, 2006

Since Tinsley Field was discovered in 1939, the oil and gas industry has been an important part of Mississippi's economy.

Denbury's commitment to Mississippi is quite significant in terms of economic impact, especially to the southeast part of the state that stands to benefit most from the success of the CO₂ pipeline and enhanced oil recovery.

In Mississippi, Denbury has 256 employees and in 2005 pumped more than \$441 million into the economy through operations, purchases of goods and services, royalties and production taxes. Severance taxes go to the state and local school boards in the counties of production.

The company operates in a number of counties throughout Mississippi and contributed \$1.8 million in charitable contributions related to Hurricane Katrina.

Increased domestic oil production is important both for Mississippi and the nation. Denbury's ability to use its CO₂ resources to maximize production in existing and older fields helps meet our nation's energy needs, while creating jobs and generating revenue right here at home.

Mississippi currently produces about 17 million barrels of oil annually and ranks 12th among producing states for domestic oil.

The “Free State Pipeline” outlined here today is projected to allow for the production of more than 80 million barrels of oil from existing Mississippi oil fields.

- o For context, 80 million barrels is enough gasoline and fuel oil to fuel 200,000 vehicles and heat approximately 100,000 homes for fifteen years.

Mississippi is one of only a few states with prolific carbon dioxide (CO₂) reserves. Denbury’s Rankin County CO₂ fields have an estimated 4.6 trillion cubic feet of proven reserves that can be used for enhanced oil recovery (EOR) or other commercial purposes.

Enhanced oil recovery is a “tertiary” or third-stage recovery process using carbon dioxide flooding (injection) to optimize additional oil production output in existing fields.

I am excited about Denbury’s completion of the carbon dioxide pipeline and pleased that Mississippi will continue to play an important role in the nation’s energy infrastructure.